

THE INSURANCE CODE OF 1956 (EXCERPT)

Act 218 of 1956

CHAPTER 30

CASUALTY INSURANCE CONTRACTS

500.3004 Liability insurance policies; contents required.

Sec. 3004. No policy of insurance against loss or damage resulting from accident to or injury suffered by an employee or other person and for which the person insured is liable, or against loss or damage to property caused by draft animals or by any vehicle drawn, propelled or operated by any motive power, and for which loss or damage the person insured is liable, shall be issued or delivered in this state by any insurer authorized to do business in this state, unless there shall be contained within such policy the provisions required under sections 3006 and 3008.

History: 1956, Act 218, Eff. Jan. 1, 1957.

Popular name: Act 218

500.3006 Liability insurance policies; insolvency or bankruptcy of insured.

Sec. 3006. In such liability insurance policies there shall be a provision that the insolvency or bankruptcy of the person insured shall not release the insurer from the payment of damages for injury sustained or loss occasioned during the life of such policy, and stating that in case execution against the insured is returned unsatisfied in an action brought by the injured person, or his or her personal representative in case death results from the accident, because of such insolvency or bankruptcy, then an action in the nature of a writ of garnishment may be maintained by the injured person, or his or her personal representative, against such insurer under the terms of the policy for the amount of the judgment in the said action not exceeding the amount of the policy.

History: 1956, Act 218, Eff. Jan. 1, 1957.

Popular name: Act 218

500.3008 Liability insurance policies; notice to insurer.

Sec. 3008. In such liability insurance policies there shall be a provision that notice given by or on behalf of the insured to any authorized agent of the insurer within this state, with particulars sufficient to identify the insured shall be deemed to be notice to the insurer; and also a provision that failure to give any notice required to be given by such policy within the time specified therein shall not invalidate any claim made by the insured if it shall be shown not to have been reasonably possible to give such notice within the prescribed time and that notice was given as soon as was reasonably possible.

History: 1956, Act 218, Eff. Jan. 1, 1957.

Popular name: Act 218

500.3009 Motor vehicle liability policy; minimum coverage; exclusion of named person; notice; documentary evidence of deleted coverages.

Sec. 3009. (1) An automobile liability or motor vehicle liability policy insuring against loss resulting from liability imposed by law for property damage, bodily injury, or death suffered by any person arising out of the ownership, maintenance, or use of a motor vehicle shall not be delivered or issued for delivery in this state with respect to any motor vehicle registered or principally garaged in this state unless the liability coverage is subject to a limit, exclusive of interest and costs, of not less than \$20,000.00 because of bodily injury to or death of 1 person in any 1 accident, and subject to that limit for 1 person, to a limit of not less than \$40,000.00 because of bodily injury to or death of 2 or more persons in any 1 accident, and to a limit of not less than \$10,000.00 because of injury to or destruction of property of others in any accident.

(2) If authorized by the insured, automobile liability or motor vehicle liability coverage may be excluded when a vehicle is operated by a named person. Such exclusion shall not be valid unless the following notice is on the face of the policy or the declaration page or certificate of the policy and on the certificate of insurance:

Warning—when a named excluded person operates a vehicle all liability coverage is void—no one is insured. Owners of the vehicle and others legally responsible for the acts of the named excluded person remain fully personally liable.

(3) If an insurer deletes coverages from an automobile insurance policy pursuant to section 3101, the insurer shall send documentary evidence of the deletion to the insured.

History: Add. 1971, Act 210, Imd. Eff. Dec. 29, 1971;—Am. 1988, Act 43, Eff. Mar. 30, 1989.

Popular name: Act 218

500.3010 Loss or damage to insured vehicle caused by fire or explosion; payment of claim; report; applicability of section; local governments electing to apply section to all insurance companies; list; insurer withholding money while complying with section.

Sec. 3010. (1) Notwithstanding any other provision of this act, an automobile insurer shall not pay a claim of \$2,000.00 or more for loss or damage caused by fire or explosion to an insured motor vehicle until a report under subsection (2) has been submitted and the insurer has received from the insured a copy of the report.

(2) If an insured motor vehicle suffers loss or damage caused by fire or explosion, the insured shall submit to the fire or law enforcement authority designated by the city, village, or township a report prescribed by the office of financial and insurance services in conjunction with the bureau of fire services created in section 1b of the fire prevention code, 1941 PA 207, MCL 29.1b, that requires information concerning the motor vehicle fire or explosion.

(3) This section does not apply to accidental fires or explosions as determined by the insurer or the fire or law enforcement authority designated by the city, village, or township. If the insurer or the fire or law enforcement authority designated by the city, village, or township determines that the fire or explosion may not be accidental, the insurer or the fire or law enforcement authority designated by the city, village, or township shall notify the insured of the requirement for a report under this section by not later than 30 days after the determination by the insurer or the fire or law enforcement authority designated by the city, village, or township.

(4) This section applies only if the fire or law enforcement authority responsible for investigating the fire or explosion is located in a city, village, or township described in subsection (8) and if the city, village, or township, pursuant to a resolution by its governing body, notifies the commissioner in writing of both of the following:

(a) That the city, village, or township has elected to receive the reports prepared under subsection (2).

(b) The name and address of the fire or law enforcement authority designated by the city, village, or township to receive reports prepared under subsection (2).

(5) The commissioner shall prepare and distribute a list of all cities, villages, and townships that have elected to apply this section to all insurance companies transacting automobile insurance in this state.

(6) A city, village, or township may be added to the list prepared under subsection (5) by submitting a written request containing the information required under subsection (4) to the commissioner. If a written request is received, the commissioner shall prepare and distribute an amended list indicating the addition. The addition shall be effective on the date specified by the commissioner in the amended list. The commissioner shall notify the city, village, township, and all insurers transacting automobile insurance in this state of the effective date of an addition, which shall be not less than 30 days after receipt of the notice by the insurance company. This section does not apply to any loss that occurred before the effective date of the addition.

(7) A city, village, or township may request to be deleted from the list or may cease to apply this section for a period of not less than 6 months upon not less than 30 days' written notice to the commissioner. After receipt of a request to be deleted from the list, the commissioner shall prepare and distribute an amendment to the list indicating the deletion. The deletion shall be effective on the date specified by the commissioner in the amendment. The commissioner shall notify the city, village, township, and all insurers transacting automobile insurance in this state of the effective date of a deletion which shall be effective not less than 30 days after receipt of the notice by the insurance company. A city, village, or township shall continue to apply this section to any loss that occurred before the effective date of the deletion, notwithstanding the deletion.

(8) A city, village, or township may elect to apply this section as provided in subsection (4) and as follows:

(a) If the city, village, or township is located in a county with a population of 425,000 or more.

(b) If the city, village, or township is located in a county with a population of less than 425,000 but the city, village, or township has a population of 50,000 or more.

(9) There is no liability on the part of, and a cause of action does not arise against, an insurer or an agent or employee of an insurer for withholding money in the course of complying with or attempting to comply with this section.

History: Add. 2000, Act 413, Imd. Eff. Jan. 8, 2001;—Am. 2006, Act 208, Imd. Eff. June 19, 2006.

Compiler's note: Former MCL 500.3010, which pertained to uninsured motorist coverage, was repealed by Act 345 of 1972, Eff. Oct. 1, 1973.

Popular name: Act 218

500.3012 Liability insurance policy; noncomplying forms, defenses of insurer.

Sec. 3012. Such a liability insurance policy issued in violation of sections 3004 through 3012 shall, nevertheless, be held valid but be deemed to include the provisions required by such sections, and when any

provision in such policy or rider is in conflict with the provisions required to be contained by such sections, the rights, duties and obligations of the insured, the policyholder and the injured person shall be governed by the provisions of such sections: Provided, however, That the insurer shall have all the defenses in any action brought under the provisions of such sections that it originally had against its insured under the terms of the policy providing the policy is not in conflict with the provisions of such sections.

History: 1956, Act 218, Eff. Jan. 1, 1957.

Popular name: Act 218

500.3015 Repealed. 1991, Act 191, Eff. Apr. 1, 1992.

Compiler's note: The repealed section pertained to automobile theft coverage.

Popular name: Act 218

500.3020 Policy of casualty insurance; mandatory provisions; filing rule providing minimum retention of premium for automobile insurance; issuance of policy to meet MCL 257.227a; providing short rate premium for insurance on motorcycle, watercraft, off-road vehicle, or snowmobile; definitions; effect of cancellation on claim; mailing or delivery of notice; statement; rule establishing short rate premium.

Sec. 3020. (1) A policy of casualty insurance, except worker's compensation and mortgage guaranty insurance, including all classes of motor vehicle coverage, shall not be issued or delivered in this state by an insurer authorized to do business in this state for which a premium or advance assessment is charged, unless the policy contains the following provisions:

(a) That the policy may be canceled at any time at the request of the insured, in which case the insurer shall refund the excess of paid premium or assessment above the pro rata rates for the expired time, except as otherwise provided in subsections (2), (3), and (4).

(b) Except as otherwise provided in subdivision (d), that the policy may be canceled at any time by the insurer by mailing to the insured at the insured's address last known to the insurer or an authorized agent of the insurer, with postage fully prepaid, a not less than 10 days' written notice of cancellation with or without tender of the excess of paid premium or assessment above the pro rata premium for the expired time.

(c) That the minimum earned premium on any policy canceled pursuant to this subsection, other than automobile insurance as defined in section 2102(2)(a) and (b), shall not be less than the pro rata premium for the expired time or \$25.00, whichever is greater.

(d) That an insurer may refuse to renew a malpractice insurance policy only by mailing to the insured at the insured's address last known to the insurer or an authorized agent of the insurer, with postage fully prepaid, a not less than 60 days' written notice of refusal to renew. As used in this subdivision, "malpractice insurance" means malpractice insurance as described in section 624(1)(h).

(2) An insurer may file a rule with the commissioner providing for a minimum retention of premium for automobile insurance as defined in section 2102(2)(a) and (b). The rule shall describe the circumstances under which the retention is applied and shall set forth the amount to be retained, which is subject to the approval of the commissioner. The rule shall include, but need not be limited to, the following provisions:

(a) That a minimum retention shall be applied only when the amount exceeds the amount that would have been retained had the policy been canceled on a pro rata basis.

(b) That a minimum retention does not apply to renewal policies.

(c) That a minimum retention does not apply when a policy is canceled for the following reasons:

(i) The insured is no longer required to maintain security pursuant to section 3101(1).

(ii) The insured has replaced the automobile insurance policy being canceled with an automobile insurance policy from another insurer and provides proof of the replacement coverage to the canceling insurer.

(3) Notwithstanding subsection (1), an insurer may issue a noncancelable, nonrefundable, 6-month prepaid automobile insurance policy in order for an insured to meet the registration requirements of section 227a of the Michigan vehicle code, 1949 PA 300, MCL 257.227a.

(4) An insurer may provide for a short rate premium for insurance on a motorcycle, watercraft, off-road vehicle, or snowmobile. As used in this subsection:

(a) "Motorcycle" means that term as defined in section 3101.

(b) "Off-road vehicle" means an ORV as defined in section 81101 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.81101.

(c) "Snowmobile" means that term as defined in section 82101 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.82101.

(d) "Watercraft" means that term as defined in section 80301 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.80301.

(5) Cancellation as prescribed in this section is without prejudice to any claim originating before the cancellation. The mailing of notice is prima facie proof of notice. Delivery of written notice is equivalent to mailing.

(6) A notice of cancellation, including a cancellation notice under section 3224, shall be accompanied by a statement that the insured shall not operate or permit the operation of the vehicle to which notice of cancellation is applicable, or operate any other vehicle, unless the vehicle is insured as required by law.

(7) An insurer who wishes to provide for a short rate premium under subsection (4) shall file with the commissioner pursuant to chapter 24 or 26 a rule establishing a short rate premium. The rule shall describe the circumstances under which the short rate is applied and shall set forth the amount or percentage to be retained.

History: 1956, Act 218, Eff. Jan. 1, 1957;—Am. 1967, Act 202, Eff. Aug. 1, 1967;—Am. 1971, Act 210, Imd. Eff. Dec. 29, 1971;—Am. 1978, Act 220, Imd. Eff. June 5, 1978;—Am. 1987, Act 168, Imd. Eff. Nov. 9, 1987;—Am. 1990, Act 170, Imd. Eff. July 2, 1990;—Am. 1995, Act 288, Imd. Eff. Jan. 9, 1996;—Am. 1996, Act 77, Imd. Eff. Feb. 26, 1996;—Am. 1998, Act 410, Imd. Eff. Dec. 21, 1998;—Am. 2006, Act 106, Imd. Eff. Apr. 7, 2006.

Compiler's note: Act 202 of 1967 was presented to the governor on June 21, 1967, at 2:37 p.m., and, not having been returned by him to the house in which it originated, became law on July 5, 1967, at 2:37 p.m., the legislature having continued in session. (See 1967 House Journal, p. 3254).

Enacting section 1 of Act 106 of 2006 provides:

"Enacting section 1. This amendatory act applies to malpractice insurance policies in effect on, or issued on or after, the date this amendatory act is enacted."

Popular name: Act 218

500.3021 Liability insurance policy; prohibits age discrimination, conditions.

Sec. 3021. No policy including any class of motor vehicle coverage shall be cancelled by the insurer, nor shall the insurer refuse to issue a renewal policy, nor shall the premium for any such policy be increased solely because an insured has reached the age of 65 years, if the insured still has a valid Michigan motor vehicle operator's license.

History: Add. 1965, Act 231, Imd. Eff. July 19, 1965.

Popular name: Act 218

500.3030 Insurer not to be made or joined as party defendant; reference to insurer or insurance during trial.

Sec. 3030. In the original action brought by the injured person, or his or her personal representative in case death results from the accident, as mentioned in section 3006, the insurer shall not be made or joined as a party defendant, nor, except as otherwise provided by law, shall any reference whatever be made to such insurer or to the question of carrying of such insurance during the course of trial.

History: 1956, Act 218, Eff. Jan. 1, 1957;—Am. 1986, Act 173, Imd. Eff. July 7, 1986.

Popular name: Act 218

500.3036 Liability policy in lieu of bond on appeal; recognizance for costs; deposit of policy or bond; admission of liability; agreement to pay judgment; judgment in excess of coverage; stay of execution upon filing bond for difference.

Sec. 3036. When an appeal is taken from a judgment in a case where it appears to the court that all or a part of the particular liability of the appellant is insured against by a surety company or insurance carrier authorized to do business in this state, and the court is satisfied of the coverage of the policy or suretyship, the court shall not require the appellant to provide an appeal bond or bond to stay execution pending an appeal up to the amount of the coverage of the policy or suretyship. The insurance carrier or surety company may be required by the court and is given authority to execute its written recognizance to the opposite party or parties for the payment of the taxable costs of the appeal. The surety company or insurance carrier shall deposit with the court a copy of the insurance policy or bond and shall admit its liability thereunder, and agree to pay a judgment against its insured, if any, as shall be affirmed by the appellate court, but not exceeding the amount of the liability under the policy or bond; and the court having jurisdiction thereof, on its own motion, may enter judgment against the surety company or carrier without further proceedings. If the amount of judgment exceeds the amount of coverage of the policy or suretyship, the court shall grant a stay of execution upon the filing of a bond by the appellant for the difference.

History: 1956, Act 218, Eff. Jan. 1, 1957;—Am. 1975, Act 290, Imd. Eff. Dec. 10, 1975.

Popular name: Act 218

500.3037 Limited collision, broad form collision, and standard and limited collision

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coverages; deductibles; waiver of deductible; rejection of coverages; form; rejection statement; failure to sign or return written rejection statement; explanation of collision coverage options; providing policyholder with collision coverage information; “collision coverage” and “substantially at fault” defined; effective date of section.

Sec. 3037. (1) At the time a new applicant for the insurance required by section 3101 for a private passenger nonfleet automobile makes an initial written application to the insurer, an insurer shall offer both of the following collision coverages to the applicant:

(a) Limited collision coverage which shall pay for collision damage to the insured vehicle without a deductible amount when the operator of the vehicle is not substantially at fault in the accident from which the damage arose.

(b) Broad form collision coverage which shall pay for collision damage to the insured vehicle regardless of fault, with deductibles in such amounts as may be approved by the commissioner, which deductibles shall be waived if the operator of the vehicle is not substantially at fault in the accident from which the damage arose.

(2) In addition to the coverages offered pursuant to subsection (1), standard and limited collision coverage may be offered with deductibles as approved by the commissioner.

(3) Where the applicant is required by the insurer to sign the written application form described in subsection (1), if the applicant chooses to reject both of the collision coverages, or limited collision without a deductible, offered under subsection (1), the rejection shall be made in writing either on a separate form or as part of the application, or some combination thereof, as approved by the commissioner. The rejection statement shall inform the applicant of his or her rights in the event of damage to the insured vehicle under the alternative coverage option selected.

(4) In the case of a written application made by mail, if the applicant fails to sign or return a written rejection statement as required by subsection (3), the requirements of subsection (3) shall be considered to have been satisfied with respect to the insurer if all of the following occur:

(a) The application provides the applicant with an opportunity to select the coverages required to be offered under subsection (1).

(b) The applicant is requested to sign the rejection statement, either as part of the application or as a separate form issued with the application, if the applicant fails to select either of the coverages specified in subsection (1).

(c) The applicant signed the application as otherwise required by the insurer.

(5) At the time of the initial written application specified in subsection (1), an agent or insurer shall provide the applicant with a written explanation of collision coverage options in easily understandable language, if that information is not contained in the application form.

(6) At least annually in conjunction with the renewal of a private passenger nonfleet automobile insurance policy, or at the time of an addition, deletion, or substitution of a vehicle under an existing policy, other than a group policy, an insurer shall inform the policyholder, on a form approved by the commissioner, of all of the following:

(a) The current status of collision coverage, if any, for the vehicle or vehicles affected by the renewal or change and the rights of the insured in the event of damages to the insured vehicle under the current coverage.

(b) The collision coverages available under the policy and the rights of the insured in the event of damage to the insured vehicle under each collision option.

(c) Procedures for the policyholder to follow if he or she wishes to change the current collision coverage.

(7) As used in this section:

(a) “Collision damage” does not include losses customarily insured under comprehensive coverages.

(b) “Substantially at fault” means a person's action or inaction was more than 50% of the cause of the accident.

(8) This section shall take effect March 1, 1980.

History: Add. 1976, Act 303, Imd. Eff. Oct. 27, 1976;—Am. 1979, Act 145, Imd. Eff. Nov. 13, 1979;—Am. 1979, Act 147, Eff. Mar. 1, 1980;—Am. 1980, Act 461, Imd. Eff. Jan. 15, 1981.

Compiler's note: Act 143 of 1993, which amended this section, was submitted to the people by referendum petition (as Proposal C) and rejected by a majority of the votes cast at the November 8, 1994, general election.

Popular name: Act 218